

DRUG STORE NEWS

Vol. 13 No. 5

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LATE NEWS

• **TROY, Mich.**—Arbor Drugs has promoted Leonard Tempalski to vp-store operations.

• **PONTIAC, Mich.**—Perry Drug Stores has promoted four support managers to directors: Mona Hamood, third party; Paul Maxwell, payroll and administrative services; Betty Otterbein, employee information and benefits; and Deborah Walden, sales audit.

FEATURES



Hair care sales show bounce

Research shows hair care sales increased nearly 4 percent during the first eight months of 1990. Page 15.

Costume jewelry shines at chains

Chains are beefing up their jewelry sections as today's women show a new interest in costume jewelry. Page 15.

F&M looks beyond 100-unit mark

By James Frederick
WARREN, Mich. — True to predictions made four years ago, F&M Distributors will unveil store number 100 early this spring. That opening is part of a planned 17- to 20-store expansion by the end of F&M's fiscal year next Jan. 31.

"We're already well beyond [store number 100] in our planning," said F&M president and chief executive Frank Newman. "We're at the 117th store in our planning process, and we'll end the year with at least 133 stores—more if construction allows."

The fast-growing off-price chain will hit the 100-unit mark the week of April 8 with

See F&M page 33



F&M store count will reach 100 next month, and 133 by the end of 1991.



Happy Harry's sparkling new format emphasizes service. Near cosmetics bullpen, chain president Alan Levin chats with customer.

Happy Harry's readies strategy for home turf

NEWARK, Del. — Bolstered by an understanding of its home state and its customers, Happy Harry's is forging

Small Operator Focus

ahead with growth and renovation plans and setting up a battle strategy to deal with aggressive new supermarket and discount store competi-

tion.

The heavyweight rivals include Wal-Mart, which is set to open units in Dover and Milford, Del.—the giant discounter's first penetration of "the First State." As an integral part of its strategy, Happy Harry's is seriously considering going into the Milford shopping center with Wal-Mart and Food Lion, the ag-

See Happy Harry's page 33

Proposal to ban tobacco stirs Rx protest in Canada

TORONTO — A proposed ban on the sale of all tobacco products in Ontario's 2,160 drug stores has whipped up a firestorm of protest and pitted different segments of the pharmacy profession against one another in Canada's most populous province. Long before the proposal reaches the provincial legislature for a vote, many drug chains and independent pharmacists are working hard to defeat the measure or soften its language.

Similar efforts to ban tobacco sales in the neighboring province of Quebec have also gathered steam. The progress of both efforts is being watched closely by retailers in all trade classes, and throughout the country.

"It's a very major issue here, especially in Ontario and Quebec," said David Bloom, chairman and ceo of Shoppers Drug Mart and head of the new Canadian Association of Chain Drug Stores, which opposes the measure. "I'd say 90 percent of our time and efforts at the CACDS are concentrated on this right now."

See Tobacco page 33

Postal hike puts squeeze on direct mail advertising

By Susan Ball

NEW YORK — Faced with an average 25 percent increase in third-class bulk mail rates—the second hike in three years—drug store operators that do direct-mail advertising are scrutinizing their own ad programs for ways to contain costs.

Chains where direct mail represents a major part of their advertising programs will be hit hardest.

For Perry Drug, with about 90 percent of its print adver-

tising in direct mailings, the new rates will have a big impact, said vp David Green. So Perry, along with many other chains, is reviewing the size of its ad vehicles and the amount of distribution.

Harco Drug, on the other hand, "won't be tremendously affected," said vp-advertising

See Postal page 33

Everywhere,
U.S.A.

POSTAL RATE
CRISIS

NEWS IN BRIEF

Med-Glaser execs make their moves

ST. LOUIS — Some Medicare-Glaser executives didn't waste time finding new posts after Walgreens bought the chain in a December bankruptcy court auction.

Ken Friedman, who had been Medicare-Glaser's vp administration and corporate counsel, has moved across town to Medicine Shoppe where he will be corporation counsel.

Jim Cordes, Medicare-Glaser's director of pharmacy, has joined the St. Louis-based Schnuck's supermarkets as head of pharmacy services.

Walgreens is expected to hire some Medicare-Glaser pharmacists and store associates, after having taken over four Medicare-Glaser leases.

New look for Snyder Bros.

EDINA, Minn. — After years of putting its core OTCs and HBAs on the perimeter of its stores, Snyder Bros. is reversing its approach. The chain is rolling out a new format which puts core HBA departments into the central aisles. Housewares and other non-core general merchandise go up along the walls. Three of the chain's 21 stores in greater Minneapolis/St. Paul were converted to the new look. Chainwide overhaul is due by the fall, said Snyder Bros. retail director Jim Lauterbach.

McKesson expanding DCs

SAN FRANCISCO — McKesson Drug plans to double its capacity in the Detroit market by building a \$12.5 million, 234,000-square-foot distribution center in suburban Plymouth, Mich.

Scheduled for completion in the summer of 1992, the facility is the fifth new construction McKesson has undertaken this year. In January, McKesson plans to replace four of its 45 DCs with new facilities in Atlanta, Philadelphia, St. Louis and Phoenix.

The Plymouth facility replaces a 102,000-square-foot DC in Highland Park, Mich., from which McKesson distributes pharmaceuticals and HBA to pharmacies and hospitals in Michigan.

Wholesale Club/Wal-Mart merge gets OK

BENTONVILLE, Ark. — Shareholders of The Wholesale Club have approved the previously announced merger of the company with Wal-Mart Stores. The merger makes The Wholesale Club's 28-store chain of membership warehouse clubs a wholly owned subsidiary of Wal-Mart.

Wal-Mart also operates 148 Sam's Wholesale Club stores, as well as 1,573 Wal-Mart stores and four Hypermart*USA stores in a 35-state trading area.

Family portraits sent to troops

EAGLEVILLE, Pa. — I Got It At Gary's is taking professional portraits free of charge of family members and loved ones of troops serving in the Persian Gulf.

"We feel our Expressions Portrait Studios provide a natural way to send an important emotional message and also one of support," said Gary Wolf, president of the company. No purchase of any type is needed for this program and no appointment is necessary.

All that is needed is a military address where the packets can be sent. The chain is absorbing all costs.



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Patriotic merchandise enlists BTS show-goers' attention

NEW YORK — Bedecked with American flags and yellow ribbons, the Back-To-School Merchandise Show held here recently reflected the country's preoccupation with the war in the Persian Gulf, even as sales pitches and deals proceeded as usual.

The camouflage theme showed up on Dixon Ticonderoga pencils (along with Saddam Hussein's likeness and "Public Enemy No. 1") and on new Holson Co. photo albums to be sold in about 300 PXs.

One booth, Taylor Associates, bristled with patriotic-themed shoelaces, keyrings, buttons, flag pins, antennae flags and bumper stickers. "Incredible," said Stu Taylor. "We're selling everything we can get." A portion of the proceeds will be donated to the Co-operative Defense Fund, he said.

Pentel donated 10,000 dozen "Econosharp" pencils to the troops, since "there aren't any pencil sharpeners in Saudi Arabia," a spokesman said.

And Betras Plastics of South Carolina has been shipping a truckload of 32-ounce squeeze bottles depicting war-effort themes to a troop embarkation center almost weekly since October.

Super-Calli-Graphics, which displayed suction-cupped car flags and yellow-ribbon lapel buttons alongside children's erasers and desk sets, shipped 150,000 patriotic items to drug chain and other retailers in three days, said president Marcia Miller.

But vendors and retailers alike voiced feelings of restraint about appearing to capitalize on Operation Desert Storm.

Geary Spencer, vp-merchandising, Fruth Pharmacies, summed up a common sentiment: "There are an awful lot of patriotic things here," he said. "We have mixed feelings about selling them. But our stores are calling to ask, 'When are we going to get our flag shipment?' We feel our customers need this. We're working on low

margins so that we're not capitalizing on this."

Almost as pervasive as patriotic symbols at the show were "green" products. But again, retailers expressed ambivalence.

Jim Abraham of King Scoopers said he was seeing better-quality "green" products and items containing a higher percentage of post-consumer waste at the show than ever before. He was looking for quality recycled notebooks and portfolios at good price points to add to his recycled paper assortment.

But Gerald Heller of May's said, "We're watching recycling," and Frank Neal of Vons said to bring in "green" products is "a real question."

"We're testing a small group of products, but the customer doesn't seem to want to pay more, or get less," Neal added.

The show, held Feb. 9-11, drew 471 exhibitors occupying 1,120 booths, according to Thalheim Expositions.

New presidents named at McK

SAN FRANCISCO — Joseph Polastri, 63, president of McKesson Drug for the past five years, has been named president of the newly created McKesson Distribution Group.

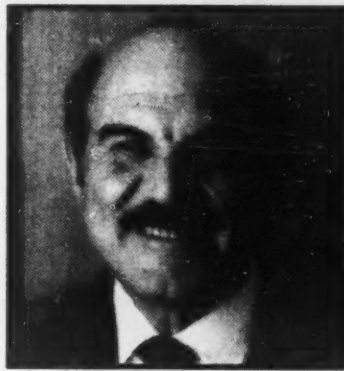
Thomas Simone, 48, formerly a vp of finance for McKesson Corp., succeeds Polastri as president of McKesson Drug. Simone worked for McKesson Drug from 1973 to 1979 and since then has served in several corporate financial positions, including controller.

Douglas Nelson was named executive vp of marketing.

The new distribution group brings together the corporation's distribution operations, which include McKesson Drug, Service Merchandising and McKesson's Canadian affiliate, Medis Health and Pharmaceutical Services.

Establishing the group under Polastri "provides experienced, hands-on leadership to those businesses that account for the bulk of McKesson's sales and earnings," said Alan Seelenfreund, chairman and ceo, and Rex Malson, president and chief operating officer of the corporation, in a joint statement. McKesson Drug accounts for 85 percent of total corporate revenues, and Service Merchandising represents about 10 percent.

"Many of the customers and suppliers of our distribution businesses overlap," Malson and Seelenfreund continued, "and we believe that this new organizational structure will lead to closer integration of their activities, enabling us to respond more quickly and effectively to rapid changes in



Polastri
McKesson



Simone
McKesson

the marketplace."

Polastri, who was named a corporate vice president last year, has served McKesson for 40 years in a variety of sales and operational positions. He is currently serving a one-year term as chairman of the board of the National Wholesale Druggist Association.

Aff./Ass. hits 65 this year

NEW YORK — Affiliated/Associated Drug Stores is gearing up for its 65th year, and its Spring and Fall 1991 buying shows.

Members will be heading to Dallas for the April 11 to 14 spring show, after members and exhibitors nixed Louisville, Ky. as too difficult to reach, said Jim Devine, Affiliated/Associated president.

Devine said the association is aiming for 175 vendors in Dallas's Loew's Anatole. At press time, about 100 vendors had signed for the show, which will emphasize Christmas sundries and gifts. He feels the rate of sign ups is on target.

At the Fall show in Orlando Sept. 20-22, a celebratory event will mark the organization's 65th year.

Since joining as president last year, Devine has taken a hard look at their focus. Goals include greater emphasis on

tion. He is a graduate of Clark University in Worcester, Mass.

"We are fortunate to have Tom Simone succeed Joe Polastri as head of McKesson's largest operating unit," Seelenfreund and Malson said. "Tom brings to his new assignment experience in pharmaceutical distribution, strong managerial and financial qualities and real enthusiasm for the task."

Simone, who previously worked for Motorola and The Keebler Co., was one of two vps of finance for McKesson Corp. Continuing as vp-finance is Gary Scholz.

member services, and support in many areas, from sourcing vendors to coupon redemption.

The group was fast off the mark when Operation Desert Storm broke in the Persian Gulf, FAXing members with sources for flags and receiving over \$100,000 in orders. Vendors for yellow ribbons and "Support Our Troops" T-shirts and sweatshirts were also tapped.

In staff changes, Darren DeGuire was named executive assistant, with duties including meeting planning. Doris Fitzell has resigned. Also, Devine said he is close to hiring a sixth buyer, who will focus on gifts and housewares, bolstering that category.

The group has picked up several new members including RDS, Inc., the new drug chain formed with the purchase of Southwestern Revco's and SuperRx of Phoenix stores.

How one 'mighty mite' is defending its turf

Big, as we all know, is not always better.

That's as true in the drug store industry as it is in all enterprises. The smaller players who know their markets and customers are often better suited to take advantage of local opportunities and score against bigger rivals who are less savvy about hometown nuances — the home team advantage, you might say.

Well, that's not always true. Little guys do get squashed. The weight advantage of a Wal-Mart, for example, can be overwhelming in any hometown contest (Wal-Mart, of course, has always thrived as the big honcho in the small-town arena).

Yet for the most part the mightiest mighty mites of the industry hold their own against the likes

of Wal-Mart, even if they never topple them. Alan Levin of Happy Harry's (page 1) talks of learning to "work" with Wal-Mart — not compete with them — in a potential shared tenancy in a Milford, Del., shopping center.

"Hopefully," Levin says, "We'll learn to live with them before they come into the market in a big way." Levin has talked to others who have faced the heat of the Bentonville Behemoth. From battle-hardened Jerry Heller of May's Drug came the ominous advice: "Never open across the street from them." If Levin does decide to open in the shopping center with Wal-Mart, he'll keep the lease short — he's brave but he's no fool.

Happy Harry's is a good example of the small market player that has grown up in a neighborhood and knows the people who live there. It understands their issues. It knows, in a sense, how to speak over the backyard fence.

When a potential site is offered by a developer, Lev-

in doesn't need any heavy-duty demographic studies to make up his mind. (Though he does climb into a helicopter, rented on a time-share basis, to scout the surroundings — that's only prudent.)

Happy Harry's guideposts are the same as any small player seeking to survive in a hostile time: Know your customers and listen to them. Hire good people and let them have a big say in what happens in the stores. Don't set up layers of executive fat at headquarters. Keep it lean. Be open to opportunities, such as institutional pharmacy, in which Happy Harry's is a leader in Delaware.

Alan Levin has established no layers between himself and customers. He personally calls everyone who lodges a complaint — about two a day on average, he estimates. In the stores, managers are given a lot of say in setting their shelves. They don't get planograms, they get "plano-suggestions." They're also encouraged to spend time on the floor with customers.

Happy Harry's has the same drive for profit as any other company. But as with all progressive companies, the drive for profits is tempered by human values. When the chain recently sold thousands of tee-shirts supporting the troops in the Persian Gulf, it donated all funds above dead-net cost to support groups for the troops. As of a couple of weeks ago, the donations amounted to \$36,000.

That's typical of good small-market chains with home-town traditions like Happy Harry's: It refused to profit on the war and the lives of people sent to the Gulf, many of them from Delaware. As a side note: the story of the donation never even made the local press.

In this issue, we launch on a test basis a new editorial feature called Job Mart (see page 30). Executives who are out of work as a result of mergers or any other reason are welcome to use it in confidence — no charge. We hope that companies looking for talent will make use of it. We think there's a pressing need, and we hope to continue it. It's up to you.



IN THE MARKET
BRUCE BUCKLEY

Ball could be in unions' court with new bill

Twenty years ago, organized labor had the chain drug industry sweating bullets. Unions were gaining ground throughout retailing, and a number of labor leaders were targeting the nation's drug stores.

Indeed, a dozen different unions were actively organizing drug chain warehouse workers, delivery truck drivers and store sales clerks throughout the country.

Even more disturbing to many chain officials, however, was the warm reception that labor leaders were receiving from pharmacists. Every group from the Retail Clerks International to the Teamsters was successfully recruiting pharmacists into bargaining units—a trend that worried professional leaders at APhA as much as it scared chain drug execs.

Since then, organized labor's foothold in the retail drug industry has slipped considerably and unions are no longer viewed widely as a serious "threat" to the professionalism of pharmacy.

In part, that reversal reflects a sincere and successful effort by drug chains to address the underlying problem areas that prompted pharmacists to flirt with organized labor. But it also reflects efforts here in Washington to establish even-handed labor laws that protect the rights of workers as well as those of business owners, stockholders and consumers.

Now that balance is in danger as a result of legislation that could tip the scales in favor of unions, and leave drug stores vulnerable to crippling strikes by unions.

Under the present balance, unionized workers enjoy the right to strike, but employers have a corresponding right to continue in business by hiring replacements for the striking employees. As a result, there's pressure on both sides to resolve labor disputes without work-stoppages.

A new bill advanced by Rep. William Gray (D-MO), however, would destroy that balance by restricting the right of employers to hire replacements for striking employees.

Although the measure would not prohibit employers from hiring temporary substitutes for strikers, it would ban permanent replacements—a restriction that would make it extremely difficult to recruit new employees during a work stoppage.

How many job applicants would accept employment knowing that they would lose their jobs as soon as a striking employee decides to return?

The result would be a significant shift in bargaining leverage to organized labor. At a minimum, it would increase the likelihood of counterproductive work stoppages. And most likely it would spark a resurgence of recruiting activity by union organizers.

But even non-unionized drug chains and independent pharmacies would be directly impacted by Gray's bill. Under his proposal, whenever two or more employees walk off a job in a dispute over terms or working conditions, the employer would be barred from hiring permanent replacements.



WASHINGTON PERSPECTIVE
KEN RANKIN

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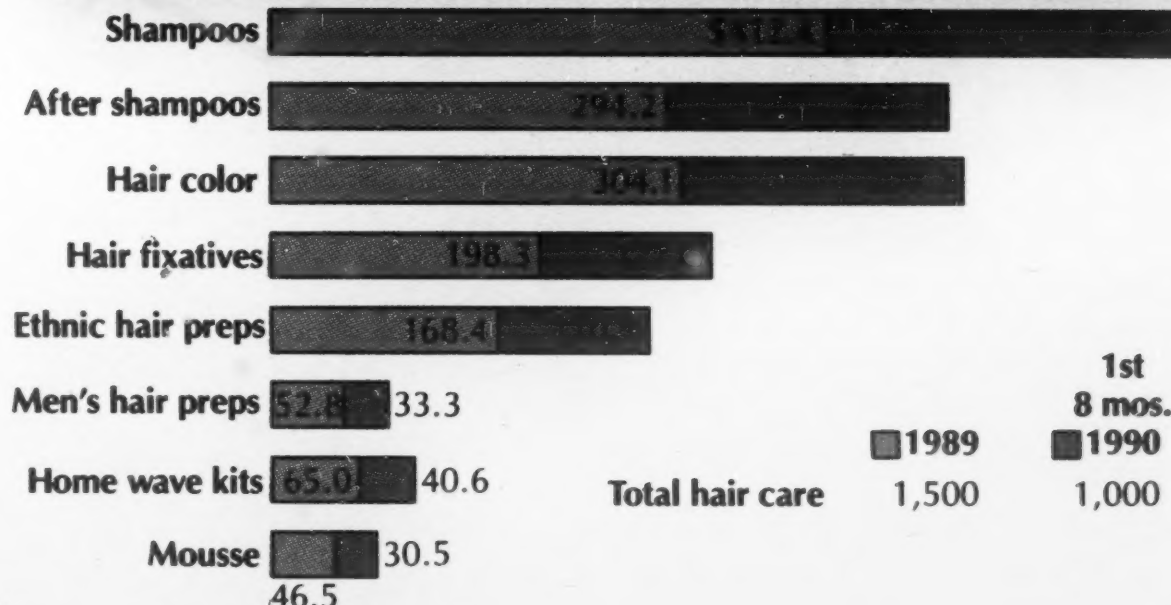
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HEALTH & BEAUTY AIDS

hair care

Hair care sales in drug stores

(in millions)

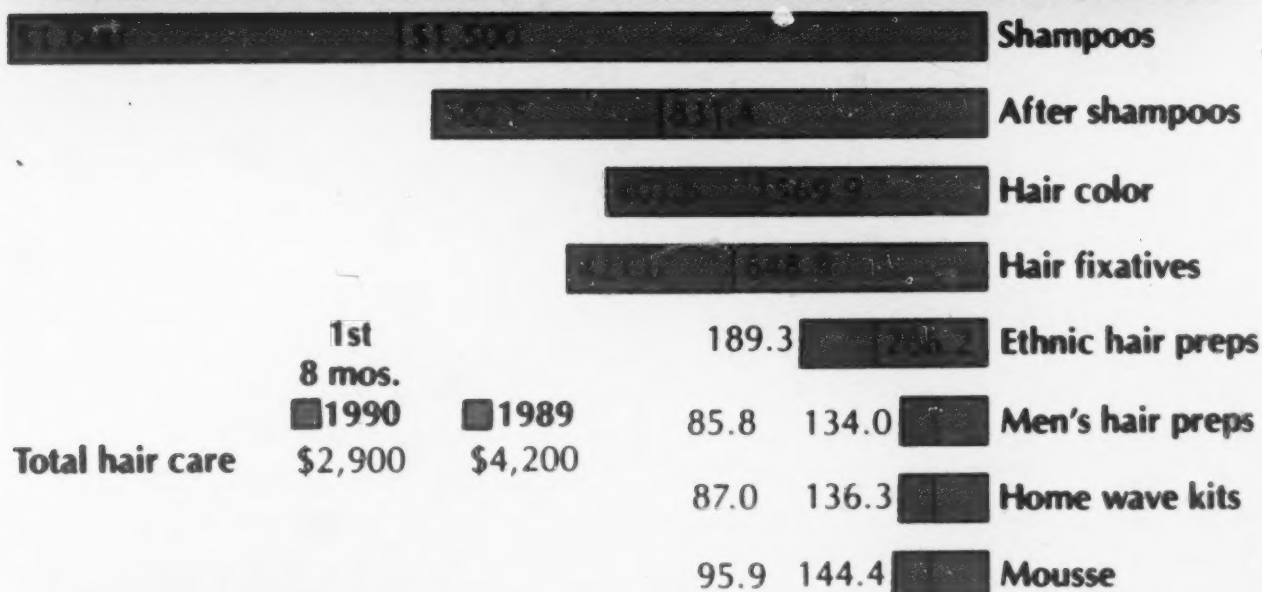


Source: Nielsen Marketing Research

Hair care sales show plenty of bounce

Hair care sales in drug, food and mass merchandise stores

(in millions)



Source: Nielsen Marketing Research

Hair care, with sales twice that of skin care, continues to show strong growth for such a high-tonnage category. Total sales bounced up nearly 4 percent during the first eight months of 1990, reported Nielsen Marketing Research.

After shampoo/condition products, hair color and shampoos were the fastest growing last year. Fixatives, which had grown for several years, finally declined—by nearly 3 percent.

In drug stores, the fastest dollar sales growth was shown by shampoos, up 6 percent; after shampoos and conditioners, up 7 percent, and hair color, up 3 percent. The shampoo and conditioner segment was driven in part by such high-priced prestige lines as Salon Selectives, Pantene, Vidal Sassoon and Colorvive—and by the expansion of professional hair care sets.

Discounters also scored high with these categories. Shampoos were up nearly 8 percent, after shampoos rose nearly 9 percent, and hair color got

nearly 11 percent richer. Ethnics rose 13 percent at discounters, compared with zero growth in drug stores.

Food stores, which already have a 50 percent share of all shampoo sales and a 42 percent share of all after shampoo sales, rose 3 percent in both segments. In hair color, where their share is just 20 percent, they were up 4 percent.

Hair color also turned highly competitive in 1990. Many drug store operators reported that the K marts, Wal-Marts and Targets in their neighborhoods aggressively advertised hair color at cost or close to cost. This poses a threat to drug stores' dominance of this segment. Drug stores now have a 52 percent share of mass hair color sales, down a point from 1989 and two points from 1986.

They also lost share in fixatives, mousse and for the category overall.

However, drug stores are stemming share erosion elsewhere. Their share of shampoo sales rose two points in 1990 to 29 percent, and home wave kits were up two points to 47 percent.

Styling aids remain big seller at Duane Reade

Styling aids are still one of the strongest growth segments at Duane Reade stores, retailer to thousands of career women in New York City.

Another active hair care trend is the development of more two-in-one products, like Pert Plus. But chain president Eli Cohen thinks it "could be a fad," and isn't worth a new merchandising section for two-in-one shampoo/conditioners.

He noted, for instance, that Vidal Sassoon's Ultra Care three-in-one formula has been slow to build a following at Duane Reade, and Revlon's Flex & Go needs more price parity with the traditional Flex line.

"At \$1.00 above Flex it's not easy to promote."

"Consumers are always looking for something that will do more for their hair. If they buy a shampoo, they want a rinse or conditioner too because they think if they add something else



Styling products are still one of the fastest growing segments in chain drug stores. Merchandising by family makes it easier for consumers to find related items.

Drug stores' share of hair care
(% share of dollar sales)

Categories	1st 8 mos. 1990
Shampoos	28%
After shampoos	36
Hair color	52
Hair fixatives	30
Ethnic hair preps	59
Men's hair preps	40
Home wave kits	47
Mousse	32
Total hair care	34

Source: Nielsen Marketing Research

that will be even greater for their hair, so I don't know how long the two-in-one trend will last."

Colorvive, the color enhancing/color conditioning line from L'Oréal, is moving in Duane Reade stores, but not as quickly as expected.

"It's a hard sell," said Cohen. "Consumers need education, but it's beginning to pick up and its direction is good. A few years ago, the formulas for colored or permed hair used to be your

slowest sellers. Now these formulas are right up there with numbers one and two.

Neutrogena's color/perm formula is doing well, as is the line as a whole.

Cohen says the Studio Line Pumping Curls SKU is "the best item in a category I've seen in years." He added that every gel in Studio moves. "Every gel has a different reason for being, and consumers are buying them for these different reasons."

Anti-frizz product makes waves in England, U.S.

Frizz-Ease is the first salon-originated product to enter mass channels as a treatment/styling product for frizzy hair.

Retailers say it also works on naturally curly and permed hair, and is popular in ethnic markets because it helps transform dry or coarse hair into smooth, shiny hair.

Currently, about a dozen chains have exclusive rights to the item, among them: Walgreens in greater Chicago, Eckerd in the southeast and southwest, Thrifty in Los Angeles, Pay Less in the northwest, Genovese in New York, Snyder's in Minneapolis and Drug Emporium in select markets.

Phenomenal sales

A buyer at one of the chains said the item's movement, at \$9.99, is "phenomenal."

British celebrity hair stylist John Frieda, who developed Frizz-Ease, supported the launch by appearing as a guest on local talk shows in major metro markets, and by granting interviews to local newspapers.

In most instances he described Frizz-Ease as one of his styling aid secrets, and he often demonstrated it on a model. Several retailers told *Drug Store News* that these demonstrations drove customers into their stores seeking the item.

The manager of one Walgreens store in a market where Frieda appeared on a talk show reported such immediate demand for Frizz-Ease that he gave it 18 facings.

In another chain, a manager reported selling 75 pieces in one week after Frieda did a local TV show.

"It was amazing the results we saw when he was on TV," said a source for Eckerd Drug, where the product first appeared. "You could visibly see the results in the sales reports."

Sources say other new products designed to treat frizzies are starting to emerge, so this could turn out to be a brand new growth segment for the styling aids category.

Frieda is also working on some line extensions that will be introduced around the second half of 1991.



FRIZZ-EASE

hair serum



- Creates a frizz-free surface
- Never oily or greasy
- Available in our Professional Hair Care Section



from John Frieda

Exclusively at ECKERD

Frizz-Ease is praised by the U.S. and England as a remarkable anti-frizz product.

Douglas Drug travels the 'green' path

At Douglas Drug, a regional operator in Rhode Island, an experimental environmental section for hair care is building slowly in its first few months.

Steve Dubin, hair care buyer, reports sales on Bio Pure—the core of the section—are basically flat, but it is still too early call off the test. As more vendors come out with environmentally sound lines, packaging and formulas, he expects demand for products in the section should grow.

Dubin is particularly interested in a new environmental line that Queen Helene is working on. "We need a brand name and some marketing sup-

port to get the environmental segment off the ground," he said.

He will probably add the Queen Helene line, which consists of a shampoo and conditioner in two formulas, a moisturizing lotion and a spray-on gel, to his next planogram update. "I think if we can get the planogram organized right and if Queen Helene supports the line with print ads as they say they will, we might get this category to take off."

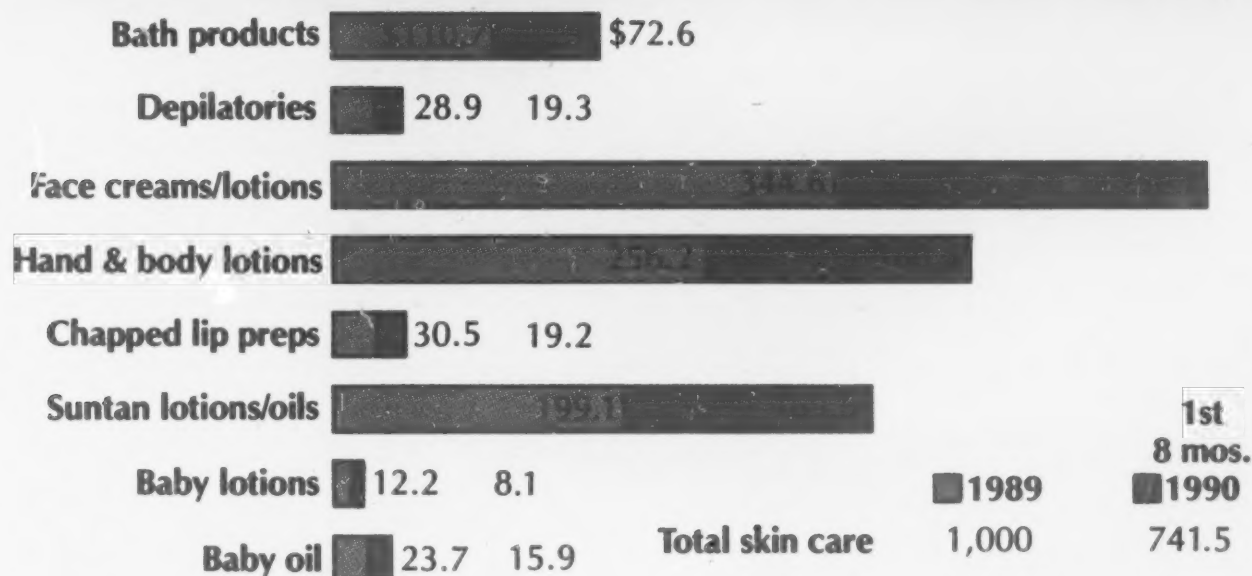
Dubin, who's seen the print ads, says they're very well done. He thinks the product may be in his stores by this spring. To help it get off the ground Douglas will support it with chain ads.

HEALTH & BEAUTY AIDS

skin care

Skin care growth at drug stores

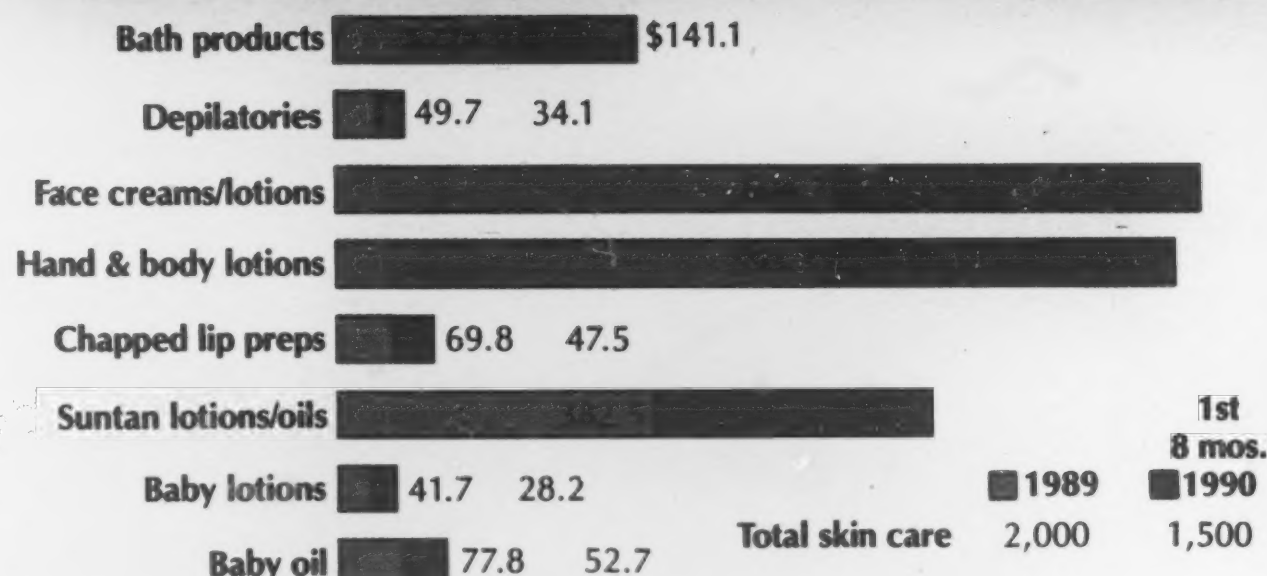
(in millions)



Source: Nielsen Marketing Research

Skin care growth in drug, food and mass merchandise stores

(in millions)



Source: Nielsen Marketing Research

Face creams, sun preps drive skin care sales up 7 percent

In its strongest showing since 1988, skin care sales ran up 7 percent during the first eight months of 1990.

The advance was spearheaded by an 11 percent pick-up in sales of face creams and lotions, and a 7 percent climb in sun tanning and sun protection products.

For three consecutive years, face creams and lotions have generated sales increases of 10 percent and better in drug, food and mass merchandise stores. However, the performance of hand and body lotions flattened a bit, with eight-months sales up just 5 percent overall.

Skin care sales growth

Nielsen Marketing Research reports that drug and food stores enjoyed the strongest gains in skin care sales, each up 6 percent respectively year-to-date, while mass merchandisers grew 4 percent.

Drug stores continued to generate their strongest gains in face cream/lotion sales, up 12 percent over a year ago. Some view this as a sign of peaking; in the previous two years, drug stores showed 15 percent gains in this segment, and food and mass merchandise stores climbed 16 percent and 21 percent in 1989.

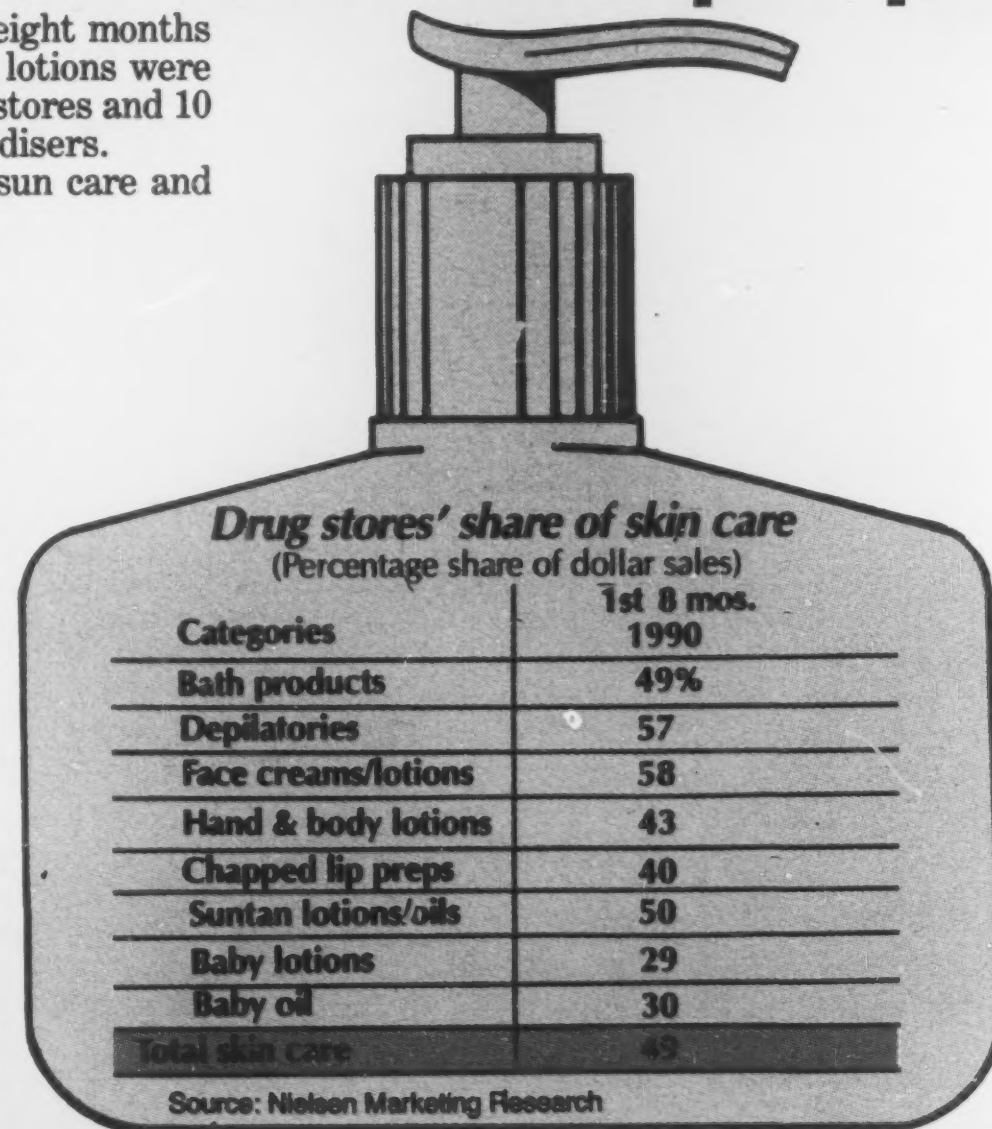
Moreover, in the first eight months of 1990, face creams and lotions were up just 7 percent in food stores and 10 percent at mass merchandisers.

Food stores advanced sun care and baby care more effectively than drug stores. At food, suntan lotions and protectors grew 14 percent in 1990's first eight months; at drug, 8 percent. At food, baby lotions and baby oils rose 13 percent in that period; at drug, baby lotions were flat and baby oils slid 6 percent.

Drug stores also had a decline in chapped lip preparation sales for the same period.

In 1990, drug stores were continuing to suffer share erosions in many skin care categories. Their dollar share of suntan lotions slipped two points, and depilatories one point over their share five years earlier, in 1986.

However, drug stores held their own in bath share, and raised their share of face cream sales by one percentage point.



Skin care center gets okay at Genovese

Following a successful test since summer, Genovese Drug has approved the planogram for a generic skin care center chainwide.

The planogram allocates 32 feet to the category, including both franchised and mass skin care brands, senior cosmetics buyer Stephanie Hayter told *Drug Store News*. The franchised lines such as L'Oréal, Revlon, Almay and Clarion get 8 feet to anchor the set's specialty section; they'll be merchandised by brand family.

Hayter says Genovese may highlight that section by putting glass shelves and a mirrored backing into the gondola.

Genovese will also display franchised lines on its cosmetics wall, just one or two facings, to minimize inventory investment. "We're keeping those facings to accommodate those

shoppers who make skin care purchases within a color line," said Hayter. "All skin care product is ordered for the center set, and cosmetics just pluck one or two SKUs from that set as needed for the wall."

Because Genovese stores aren't uniform, the set has slightly different configurations in different stores. The gondola will generally be adjacent to cosmetics, and is the next aisle over from Genovese's opening aisle.

Viewing six months of sales data for the center, Hayter said sales are up, sometimes dramatically, for some of the franchised lines, such as Revlon's Moondrops and Almay. "Some lines are up 15 to 20 percent. We're estimating that our own skin care sales have gone up about 10 percent since we did the set," said Hayter.

Sales data for the center show sales are up, sometimes dramatically.

JOBMART

JOB MART is a new editorial feature for industry executives seeking jobs. It's CONFIDENTIAL and FREE. If you want your ad listed in a future issue, send it to Confidential Box 100, *Drug Store News*, 425 Park Avenue, New York, NY 10022. Please: no more than 40 words. We'll assign a box number. Space is limited. Ads will be run on a first-come, first-served basis.

(PROSPECTIVE EMPLOYERS: If you'd like to receive resumes from any job seekers listed below, write to: Editor, *Drug Store News*, 425 Park Avenue, New York, NY 10022, or call 212-371-9400, ext. 267.)

Positions Wanted

Over 20 years of success in retail drug industry. Marketing exec with invaluable knowledge in purchasing, advertising, rack jobbing and distribution. Accomplishments include corp. restructuring, expense reductions, inventory turn increases and technological advances. Box 2-7406,

Senior marketing professional with over 15 years in U.S. and int'l assignments for blue chip consumer packaged goods companies. Experienced in developing strategies, implementing tactics and building profit for new and established products. Box 2-5831

Buying/merchandising manager position wanted. Over 10 years chain drug buying experience. All gen'l merch categories, including: seasonal, school/office supplies, automotive, hardware. Also extensive import experience including Far Eastern travel. Box 2-2142

Job candidate has retired after 32 years in the industry. Extensive experience in marketing and sales. Interested in national account sales for chains, wholesalers or hospitals. Cincinnati-based. Travel is no problem. Will consider consulting. Box 2-8341.

Senior Sales, Marketing and General Management Executive (Executive vp of unit of Fortune 500 company) available as result of merger. 20+ years in HBA, fragrance and toiletries companies. Helped build one of the most successful companies in past decade. Box 2-9759.

Senior executive available as result of divestiture. Seeks operations or marketing management. 18 years chain drug management. Consistent profit achievement. High standards, merchandising excellence, strong work ethic. Strengths in team-building and staff training. Box 2-4385.

Drug store and pharmacy designer with both chain and independent background. Responsible for P&L. Strong merchandising skills. Able to coordinate projects from start to finish. Familiar with all construction phases. Will relocate. Box 2-5946.

Director of pharmacy available. Pharmacist/director of major food/drug combo stores. Experience in both independents & chains. Will relocate. Box 2-8701.

Hands-on, results & profit-oriented exec. Progressive & diversified marketing, sales, advertising. New products & planning/budgeting experience. Strategic thinker with good business perspective. Demonstrated ability to build strong sales & marketing partnerships. Box 2=0581.

Chain store exec with 24 years experience in prof. pharm. management. Background includes operations, administration, buying & marketing, point-of-sale and time study management. Seeking challenging position with progressive drug chain. Box 2-3196.

Results-oriented senior marketing & communications exec with 17 years of sophisticated package goods and service industry experience. Areas of special competence and interest: research & analysis. planning/implementing projects and persuasive communications. Box 2-7690.

Rent a marketing/advertising executive. Significant background in entrepreneurial and blue chip HBA and cosmetics management. Available on a project or more permanent basis. Many successful product launches. I can manage profitable programs for you. Will relocate. Box 2-8091.

Sales/Marketing exec. 20+ years exper. in branded and private label consumer market. Seeks position as Nat'l sales mgr., dir. nat'l accts, vp sales/mktg. Solid background in consumer sales, sales promo, sales admin. new product devel., & start-up venture exper. Solid direct and broker/rep mgmt. All classes of trade. Box 2-0142,

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Ed Nalley — Consumer Products/Sales & Marketing/Medical Sales
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Partial Listing of Positions Available Now:

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National Account Mgrs. — LA — Chicago — DFW locations
Regional Broker Mgr. — Midwest & Southwest locations

GENERAL MERCHANDISE

jewelry

Costume jewelry makes chains fashion conscious

Drug chains are beefing up their jewelry sections as today's women welcome costume jewelry as fashion accessories.

Chains, eager to cash in, are merchandising jewelry closer to cosmetics and hair accessories than ever before. Many are eyeing bulk programs.

"Drug stores are trying to create a certain fashion image when it comes to cosmetics and fragrances," said Tom McCarthy, president of the drug chain division of Accessory Associates, Inc. "Costume jewelry fits into that mode. The objective is to become a focal point for accessorizing."

Added Kathy Johannes, a Kerr Drug buyer: "When the country's First Lady stands up and says, 'look, these (pearls) aren't real,' it carries an enormous message. A lot of what we sell are the \$10-\$20 necklace sets—the Barbara Bush look."

Indeed, this emphasis on "faux" jewelry instead of fine jewels had sparked drug store sales. AAI's McCarthy said, "drug stores typically have price points under \$20, which appeal to consumers rethinking their disposable income."

Newer security measures have increased self-service racks. New Jersey-based Checkpoint Systems, Inc. has designed a detection system, which is placed on the jewelry cards, usually underneath the felt area, so it's invisible to consumers. The system is deactivated at the register, and has already decreased the shrinkage rate in some stores.

Gaining a reputation in the self-service jewelry market is Ulta³, the cosmetics-jewelry-toiletries chain developed by former American Drug Stores executives Dick George and Terry Hanson.

Jewelry at Ulta³ is displayed in the front center of the store, in gallery fashion on three black, flat wall fixtures. The chain rotates displays every three months to convey fashion stories each season.

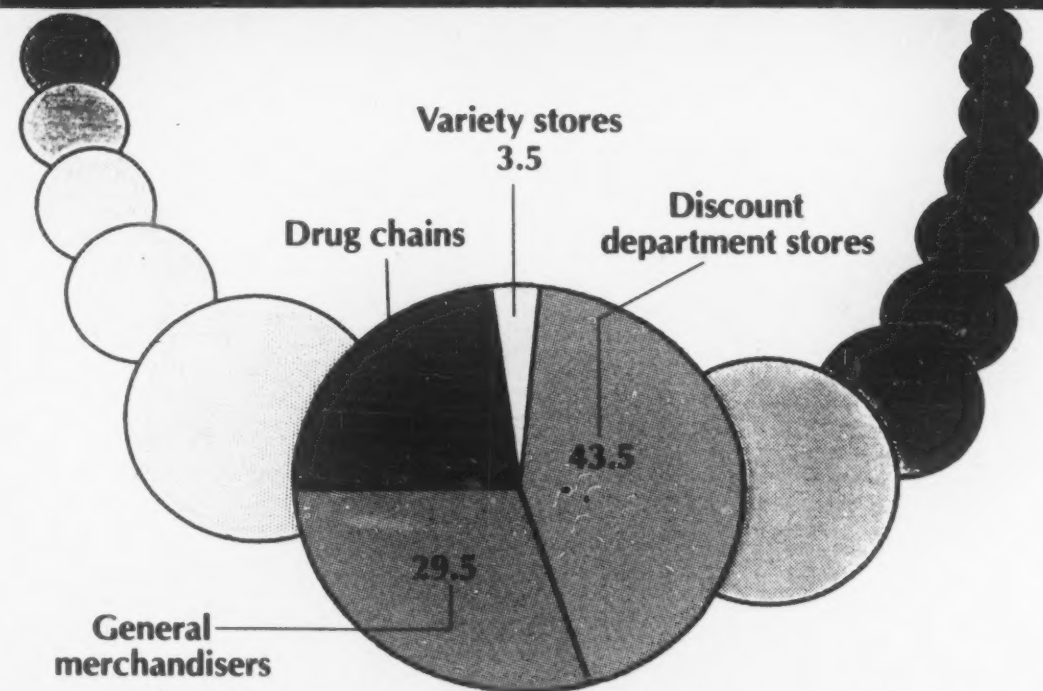
"We'll group our merchandise into certain areas, to help customers find their purchase more quickly," said Jodi Mattson, Ulta³'s fashion jewelry buyer. "For example, we'll have sea-life, tropical, or red-white-and-blue, as our stories for the season. Then, we'll also have gold, silver, rhinestone and pearl areas. We also have two poles—one which houses clip earrings and another for color earrings."

Ulta³ also discounts all jewelry everyday at least 20 percent off. Seasonal items may be marked as much as 50-75 percent off, Mattson said.



The '90s are bringing in a more rational approach to jewelry buys; emphasizing "faux" jewelry instead of fine jewels. Jewelry at Ulta³ is displayed in the front center of the store, in gallery fashion on three black, flat wall fixtures.

Share of costume jewelry sales



Not including the estimated \$1.9 billion done by department stores and specialty retailers. Source: R.N. Koch Inc.

Consumers' fashion sense turns to costume jewelry

- Dollar sales will increase as consumer accessory purchases move back to costume jewelry.
- Higher average purchases, as consumer fashion demands move price points higher and branded lines grow in importance.
- Continued pressure on market share from specialty retail outlets.
- Today's average price for costume jewelry pierced earrings is \$7.90; maximum amount willing to pay at mass is \$14.60.

Source: R.N. Koch Inc.

Safeway net escalates as sales reach \$14.9B

OAKLAND, Calif. — Safeway reported net income for 1990 of \$87.1 million, or 91 cents per share, compared with \$2.5 million, or 3 cents per share, in 1989.

Sales rose 3.8 percent, to \$14.9 billion for the year ended Dec. 29. Same-store sales increased 2.9 percent for the year and 1.7 percent for the fourth quarter over those periods in 1989.

In 1990, gross profit was 26.7 percent of sales, versus 25.8 percent in 1989. The company cited significant investment in new information systems, which led to better buying practices, more effective merchandising and tighter inventory control, as largely responsible for the im-

provement. Another contributor to improved gross profit was increased sales in higher-margin specialty departments, the company said.

Operating profit rose 15.8 percent, to \$535.3 million for the year. Operating profit was 3.6 percent of sales in 1990, versus 3.2 percent in 1989.

Capital expenditures, including operating lease obligations, were \$490 million in 1990, the first year of Safeway's five-year, \$3.2 billion capital expenditure program.

"The 30 new stores and 90 remodels completed in 1990 will help maintain our strong operating performance while enhancing long-term sales growth," said Peter A. Magowan, chairman.

Owens & Minor net surges on 28% sales gain in 1990

RICHMOND, Va. — Owens & Minor reported a 14.1 percent increase in sales in the fourth quarter ended Dec. 31, to \$316.3 million from \$277.1 million in the year-earlier period. Fourth-quarter earnings were \$2.8 million, compared with \$0.3 million in the 1989 quarter.

Year-end sales were a record \$1.2 billion, a 28 percent increase over the \$952.9 million reported in 1989. Earnings for the 12 months were \$8.8 million, versus \$2.5 million the prior year, a 243.3 percent gain. Earnings per share were 33 cents, compared with 3 cents for 1989.

SDM posts 14% increase in 1990 operating earnings

MONTREAL — Despite strong earnings performance at Shoppers Drug Mart and Imperial Tobacco, Imasco's net earnings for 1990 declined 19 percent to \$295.1 million (Canadian), reflecting a 42 percent drop in operating earnings at Hardee's.

Earnings per share were \$2.25, compared with \$2.87 in 1989, a 22 percent decrease. Net earnings include a contribution from Peoples Drug Stores, which Imasco sold during the year and classified as discontinued operations.

System-wide sales of con-

sumer products and services in Imasco's tobacco, financial services, restaurant, drug store and retail businesses was \$15.1 billion for the year, a 12 percent increase, and revenues gained 16 percent, to \$5.2 billion.

Shoppers Drug Mart's operating earnings in 1990 were \$80.5 million, up 14 percent, and in the fourth quarter \$26.6 million, up 7 percent. Shoppers revenues were \$148.1 million for the year, a 9 percent gain, and \$44 million for the fourth quarter, a 4 percent increase.

Commenting on the results, Purdy Crawford, chairman and ceo, said, "Imperial Tobacco had an excellent year. Operating earnings increased 10 percent and the company's share of the Canadian manufactured cigarette market rose another 2.1 share points to 60 percent.

MARKET DIARY:

Largest Dollar Gainer	Pfizer Inc.	\$ 13.50
Largest Dollar Loser	Medicine Shoppe	\$- 0.25
Largest Percentage Gainer	ICN Pharmaceutical	32.00%
Largest Percentage Loser	Halsey Drug	- 3.85%

Advances	51
Declines	4
Unchanged	2
New highs	28
New lows	0

	Close 2/5/91	Close 2/19/91	Net Change	Percent Change
Drug Store News Index	3489.50	3721.06	231.57	6.64
Dow Jones Industrial Average	2788.37	2932.18	143.81	5.16
Standard & Poor's 500-Stock Index	351.26	369.39	18.13	5.16
N.Y.S.E. Composite	191.89	201.40	9.51	4.96
Value Line Index	218.19	228.45	10.26	4.70

Source: Nordby International Inc., Boulder, Colo.



DRUG STORE NEWS INDEX

Exch	Company	Ticker Symbol	Closing Price 2/5/91	Closing Price 2/19/91	Net Change in Period	Percent Change in Period	P/E Ratio	Annual Dividend Rate	Annual Dividend Yield	Annual High	Annual Low
Chain store transactions											
OTC	Accuhealth Inc.	ACCU	6.13	6.38	0.25	4.08	25	0.00	0.00	7.56	4.50
OTC	Arbor Drugs (H)	ARBR	22.50	23.25	0.75	3.33	20	0.20	0.86	23.25	13.25
OTC	Big B	BIGB	7.88	9.00	1.13	14.29	- 22	0.00	0.00	13.38	4.75
OTC	Drug Emporium	DEMP	7.75	7.75	0.00	0.00	12	0.12	1.55	11.00	6.25
NYS	Fay's Inc. (H)	FAY	10.63	11.50	0.88	8.24	16	0.20	1.74	11.50	7.25
ASE	Genovese Drug	GDX.A	7.50	7.75	0.25	3.33	15	0.24	3.10	9.50	5.50
NYS	Longs Drug Stores	LDG	35.50	36.50	1.00	2.82	12	1.04	2.85	43.63	30.88
OTC	Medicine Shoppe	MSH	24.50	24.25	- 0.25	- 1.02	21	0.24	0.99	26.75	15.50
NYS	Perry Drug	PDS	6.00	6.00	0.00	0.00	100	0.00	0.00	9.88	3.75
NYS	Rite Aid Corp. (H)	RAD	40.13	43.13	3.00	7.48	17	1.00	2.32	44.00	29.50
NYS	Walgreen Co. (H)	WAG	30.00	31.88	1.88	6.25	22	0.44	1.38	32.88	20.13
Wholesaler's transactions											
ASE	Borgen Brunswick (H)	BBC	29.88	31.75	1.88	6.28	17	0.40	1.26	31.75	21.38
OTC	Bindley Western Ind. (H)	BIND	13.75	14.00	0.25	1.82	19	0.04	0.29	14.38	8.63
OTC	Cardinal Distribution (H)	CDIC	31.25	34.63	3.38	10.80	29	0.08	0.23	34.63	16.50
OTC	Durr-Fillauer (H)	DUFM	26.75	27.88	1.13	4.21	21	0.24	0.86	28.25	16.00
ASE	Ketchum	KCH	2.00	2.25	0.25	12.50	- 2	0.00	0.00	2.88	1.25
NYS	McKesson Corp.	MCK	32.75	34.13	1.38	4.20	15	1.60	4.69	38.38	26.88
ASE	Moore Medical	MMD	6.13	6.00	- 0.13	- 2.04	- 8	0.00	0.00	7.88	3.50
NYS	Owens & Minor (H)	OMI	15.50	17.63	2.13	13.71	17	0.24	1.36	18.75	10.75
Manufacturer's transactions											
NYS	Abbott Labs (H)	ABT	44.50	46.88	2.38	5.34	21	0.84	1.79	47.88	31.25
NYS	American Home Products (H)	AHP	54.38	59.38	5.00	9.20	15	2.28	3.84	59.38	43.00
NYS	Baxter International (H)	BAX	30.00	31.50	1.50	5.00	- 225	0.64	2.03	31.50	20.50
OTC	Block Drugs Co. (H)	BLOCA	42.00	45.63	3.63	8.63	16	0.80	1.75	46.00	29.63
ASE	Bolar Pharmaceutical	BLR	4.63	4.75	0.13	2.70	- 4	0.00	0.00	10.00	1.88
NYS	Bristol-Myers Squibb (H)	BMV	70.75	75.88	5.13	7.24	23	2.40	3.16	75.88	50.50
NYS	Carter-Wallace	CAR	58.75	59.63	0.88	1.49	17	0.92	1.54	61.25	44.88
ASE	Columbia Labs	COB	6.88	8.00	1.13	16.36	- 6	0.00	0.00	14.75	3.63
ASE	Forest Labs (H)	FRX	56.75	61.25	4.50	7.93	35	0.00	0.00	61.25	33.63
ASE	Halsey Drug	HDS	3.25	3.13	- 0.13	- 3.85	313	0.00	0.00	5.44	2.13
NYS	ICN Pharmaceutical (H)	ICN	3.13	4.13	1.00	32.00	0	0.00	0.00	5.38	2.50
ASE	Lee Pharmaceutical	LPH	1.13	1.25	0.13	11.11	- 5	0.00	0.00	2.75	0.88
ASE	Leiner P. Nutrition	PLI	9.50	10.75	1.25	13.16	9	0.00	0.00	12.63	6.75
NYS	Lilly Eli Co.	LLY	75.75	81.25	5.50	7.26	21	2.90	2.46	90.38	58.75
NYS	Marion Labs (H)	MKC	36.13	37.50	1.38	3.81	22	0.80	2.13	38.00	21.00
NYS	Merck Co. (H)	MRK	96.00	102.38	6.38	6.64	22	2.24	2.19	102.38	67.00
NYS	Mylan Labs	MYL	21.25	22.25	1.00	4.71	24	0.20	0.90	24.75	13.75
NYS	Par Pharmaceutical	PRX	5.25	5.13	- 0.13	- 2.38	- 4	0.00	0.00	8.13	3.38
NYS	Pfizer Inc. (H)	PFE	90.50	104.00	13.50	14.92	22	2.64	2.54	104.00	54.50
NYS	Rhone-Poulenc Rorer (H)	RPR	72.25	80.25	8.00	11.07	- 154	0.84	1.05	80.25	56.50
NYS	Schering Plough	SGP	45.63	47.75	2.13	4.66	19	1.12	2.35	50.75	37.00
NYS	Syntex Corp. (H)	SYN	66.00	70.88	4.88	7.39	22	1.60	2.26	72.25	46.75
OTC	Taro-Vit Industries (H)	TAROF	3.00	3.38	0.38	12.50	- 56	0.00	0.00	3.38	0.88
NYS	Upjohn Co.	UPJ	40.38	41.38	1.00	2.48	17	1.16	2.80	44.63	33.00
NYS	Warner-Lambert (H)	WLA	72.00	77.00	5.00	6.94	21	1.76	2.29	77.00	49.63
OTC	Zenith Labs	ZENL	5.75	6.25	0.50	8.70	- 1	0.00	0.00	9.50	3.75
Other retailer transactions											
NYS	Albertson's (H)	ABS	38.88	39.38	0.50	1.29	24	0.48	1.22	40.75	25.00
NYS	American Stores	ASC	62.63	68.88	6.25	9.98	16	1.12	1.63	71.50	42.63
NYS	Giant Food	GFS.A	28.75	29.88	1.13	3.91	15	0.60	2.01	30.25	21.13
NYS	Great Atlantic&Pacific Tea	GAP	48.63	52.63	4.00	8.23	13	0.80	1.52	59.63	37.75
NYS	Kmart	KM	32.88	35.75	2.88	8.75	21	1.72	4.81	37.00	23.38
NYS	Kroger (H)	KR	19.00	20.50	1.50	7.89	21	0.00	0.00	21.38	10.63
NYS	Melville Corp.	MES	46.75	48.50	1.75	3.74	14	1.44	2.97	57.75	32.75
OTC	Fred Meyer	MEYR	14.25	15.25	1.00	7.02	- 76	0.00	0.00	18.25	10.00
NYS	Pennoy, JC	JCP	52.88	53.38	0.50	0.95	9	2.64	4.95	70.88	37.38
NYS	Safeway (H)	SWY	16.38	16.50	0.13	0.76	18	0.00	0.00	17.25	10.25
NYS	Smith's Food & Drug (H)	SFD	34.13	38.63	4.50	13.19	28	0.36	0.93	38.63	24.00
NYS	Wal-Mart (H)	WMT	34.25	36.75	2.50	7.30	34	0.12	0.33	37.63	20.25

Key: (H) = New annual high reached in the 52-week period. (L) = New annual low reached in the 52-week period. (H) = Deficit. NYS = New York. ASE = American. OTC = Over the counter. (L) = No facts stock split.
Source: Nordby International, Inc., Boulder, Colorado (303) 449-0326.

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